



Department of Justice

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**NEW JERSEY FOOD COMPANY EXECUTIVE ORDERED TO SERVE JAIL TIME
AND TO PAY RESTITUTION FOR RIGGING BIDS TO THE NYCBOE**

16th Conspirator Sentenced To Serve Jail

WASHINGTON, D.C. -- David Salomon of Cranford, New Jersey was sentenced yesterday to serve 18 months in prison and to pay a \$60,000 criminal fine for his involvement in a scheme to rig bids on \$123 million of frozen food contracts awarded by the New York City Board of Education (NYCBOE), the Department of Justice announced. Salomon is also required to pay a portion of \$12.3 million in restitution, along with other co-conspirators. Salomon's company, M&F Meat Products Co. (M&F), of East Orange, New Jersey, was also ordered to pay \$540,000 in restitution.

On May 31, 2000, nine individuals and six companies were indicted for participating in a conspiracy to rig bids for the supply and delivery of frozen food to the NYCBOE between May 1996 and April 1999. All of the defendants, except Solomon and M&F, pleaded guilty. On June 6, 2001, after a three-week jury trial, Salomon and M&F were convicted. Yesterday their sentences were imposed in U.S. District Court in Manhattan by Judge Denny Chin.

To date 31 individuals and 15 corporations have been convicted of rigging bids, or other related charges, on contracts for frozen food, produce, dairy and other food products supplied to the NYCBOE and other customers.

Salomon is the 16th conspirator sentenced to serve jail time for his role in the scheme.

Nine of the defendants have been sentenced to serve terms longer than one year. In addition, five defendants -- all of whom cooperated with the government's investigation -- were sentenced to terms of home confinement.

"The sentences imposed on Salomon and the other conspirators in these matters send a powerful message to other executives about the risks of engaging in bid rigging," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division. "The success of our efforts to expose and punish more than 20 members of these longstanding conspiracies demonstrates our commitment to vigorous antitrust enforcement."

In addition to the prison terms, the conspirators have collectively been ordered to pay more than \$20 million in restitution to the NYCBOE, and an additional \$2 million to other victims of similar schemes, including the New York City Department of Citywide Administrative Services (DCAS), the Newark (NJ) Public Schools, Nassau County (NY), and Odyssey House, Inc., a not-for-profit social service organization located in Manhattan. Many of the defendants were also prosecuted for tax offenses.

"The Antitrust Division has made restitution to the victims a priority in these cases," said James M. Griffin, Assistant Attorney General for Criminal Enforcement. "We are very pleased that we have been able to recover millions of taxpayer dollars for the schoolchildren of New York -- money that undoubtedly can now be put to better uses."

The NYCBOE operates New York City's public school system, the largest in the United States. It services a student population of nearly 1.1 million, and serves approximately 640,000 lunches and 150,000 breakfasts every day. The NYCBOE purchases more food than any other single customer in the U.S., other than the Department of Defense. It receives the bulk of its

funding from the federal, state, and city governments. Most of the meals it serves are subsidized by the United States Department of Agriculture under the National School Lunch Act of 1946.

In addition to public schools, numerous private and parochial schools receive food under the NYCBOE's contracts through programs that provide free or reduced-price meals to needy students. More than 80 percent of the students fed by the NYCBOE receive free meals. Another 10 percent receive reduced-price meals.

The case against Salomon and M&F and the related cases were investigated by the Antitrust Division's New York Field Office, the Federal Bureau of Investigation, and the Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the food distribution industry or concerning bid rigging on any government contract should contact the New York Field Office of the Antitrust Division at (212) 264-0679 or the New York Division of the FBI at (212) 384-3252.

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